

# RETAIL SECTOR WEEKLY

## Key Retail News and Commentary

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#### Did You Know...?

**U.S. employers cut back their hiring in August for the first time in four years, a major surprise that undercuts optimism about the economic outlook and makes a Federal Reserve interest rate cut later this month much more likely.**

### Love It? Check the Label

Until recently, Bill Allayaud, who works as a director for the Sierra Club in Sacramento, thought people who checked labels on clothing or toys to make sure they were "Made in the U.S.A." were everything he was not; flag-waving, protectionist, even a little xenophobic.

But lately, he said, his is becoming one of them.

"Everything I buy now, I look at the label," said Mr. Allayaud, who explained that the "buy American" movement long popular among blue-collar union workers and lunch-paid conservatives – no longer seemed so jingoistic, and was actually starting to come into vogue for liberals like himself who never before had a philosophical problem with Japanese cars or French wine.

He said the reasons for his change of heart are many: a desire to buy as many "locally made" products as possible to reduce carbon emissions from transporting them; a worry about toxic goods made in the third world; and a concern that the rising tide of imports will damage the economy and hurt everybody.

"Made in the U.S.A." used to be a label flaunted primarily by consumers in the Rust Belt and rural regions. For many the label represents a heightened concern for workplace and environmental is-

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### Burlington Coat Factory Investment Holdings: Retailer of the Week

We are reaffirming Burlington Coat Factory as an "E" high risk credit with a "stable" outlook. While the results coming out of Burlington Coat Factory are worse than we were used to seeing before the acquisition, there continues to be a couple bright spots. Revenues were down just slightly for the period, despite the fact that the company operated with one less week this year when compared to last year. The company's profitability has taken a beating, but continues to impress from an EBITDA standpoint. Heavy depreciation and amortization expenses have pulled the bottom line into the red for the year. Even with the loss, Burlington Coat's EBITDA was more than enough to cover up its interest expenses on the massive debt load, and as we move forward, none of the debt will be coming due for years.

The company's vast real estate portfolio was obviously one thing that stirred the interest from Bain Capital. Burlington Coat is the proud owner of 41 of its stores and also the owner of 97 acres of land that the headquarters lies upon in New Jersey, and as we know, New Jersey is one of the most expensive real estate states in the nation. There was also well over \$200 million left on the revolver, and with the winter season approaching, the company should be able to increase availability on this inventory backed revolver. ^

<i>\$ figures in millions, 12-Months ended</i>	6/2/2007 (FY07)	6/3/2006 (FY06)	Year-over-Year Change
<b>Liquidity Ratios</b>			
Cash, ST Invts & Accounts Receivable % Current Liabilities	11.20%	17.50%	-630 bps
Working Capital	\$283.4	\$233.2	+21.53%
Current Ratio	1.47x	1.36x	+11 bps
<b>Leverage Ratios</b>			
EBITDA	\$235.8	\$243.8	-3.28%
EBITDA / Interest Expense	1.76x	10.74x	-898 bps
Total Debt / Equity	384.34%	361.96%	-2,238 bps
Total Liabilities / Total Assets	87.47%	86.95%	-52 bps

*(Continued on page 8)*

## Love It? Check the Label

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sues, consumer safety and premium quality.

With so many mass-market goods made off-shore, American-made products, which are often more expensive, have come to connote luxury. New Balance produces less expensive running shoes abroad, but it still makes the top-of-the-line 992 model, which the company says requires 80 manufacturing steps and costs \$135, in Maine.

Many of the American designers now showing collections at New York Fashion Week will have their goods stitched in foreign factories, a reflection of the battering of American garment manufacturing. From 2001 to 2006, clothing production in the U.S. declined by 56% according to the American Apparel & Footwear Association.

Even though it is not always justified, there is a perception that because it is made overseas, clothing is produced to the lowest common denominator with no attention to detail.

The evolving image of many American-made products as small-batch, high-craftsmanship products is true in other connoisseur-friendly industries as well. Fender, the guitar maker, builds entry-level electric guitars in Mexico, but it still makes higher-end Stratocasters and Telecasters, including its hand-made Custom Shop models, which sell for several thousand dollars, in California.

In bicycles, too, Schwinn and Huffy have decamped to Asia, leaving high-end specialty companies like Trek and Cannondale alone making bikes in this country, where there is a greater sense of craft and small scale. Cannondale recently started producing its entry-level bikes, priced \$500 to \$1,000, in Asia, but says it still makes the bulk of its product line, and its best bikes, in Bedford, Pennsylvania.

Stephanie Sanzone, a graduate student in environmental policy at George Mason University, says she has seen ample evidence that a "buy American" attitude is expanding. Ms. Sanzone started the Web site [www.stillmadeinusa.com](http://www.stillmadeinusa.com) three years ago to list and promote American-made products, for environmental and economic reasons.

Unlike many "Buy American" Web sites, which feature images of weeping bald eagles or quotations from Pat Buchanan, Ms. Sanzone keeps her site nonpartisan. In the last month, she said, traffic has jumped fourfold, with new visitors including vegans, green shoppers, "Free Tibet" activists and visitors from the Web site [www.democraticunderground.com](http://www.democraticunderground.com). Many said the recall of Chinese-made toys inspired them to act, but many also told her that they were starting to expand their focus beyond toys.

Skeptics say there are limits to how far the National Public Radio demographic will go as it flirts with a cause long associated with the Rush Limbaugh crowd. It is hard to imagine, say, that people who tote reusable cotton bags to Whole Foods will ditch their beloved Saabs for an American-made Chevrolet Cobalt. People like that don't even know where the Chevy store is.

First Page

### Did You Know...?

Monthly business bankruptcy filings have been steadily rising since the beginning of 2007, reaching a peak in August of 3,951.

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## Bankruptcy Blotter

... **Sweet Traditions LLC**, one of **Krispy Kreme Doughnuts Inc.**'s largest franchise operators, is seeking court approval to borrow up to \$700,000 to fund the Chapter 11 case it commenced last week.

... **Pacific Lumber Co.** received court permission to overhaul an operating agreement with subsidiary **Scotia Pacific**, despite complaints from creditors that the deal is designed merely to stave off a cash crisis.

... In other news, **Pacific Lumber** reported a net loss of \$10.6 million for the month of July on total revenue of \$9.9 million.

... For the month of July, **Tower Automotive Inc.** reported revenue of \$66.0 million and a net loss of \$42.6 million, including \$39.0 million of Chap-

ter 11 and related reorganization expenses.

... Having reached a settlement with **General Motors Corp.** over supply, pricing, post-retirement liabilities for workers and plant closings and sales, **Delphi Corp.** filed its Plan of Reorganization last week.

... In other news, **Delphi Corp.** reported total sales of \$1.01 billion for the month of July and a loss of \$169.0 million, including \$10.0 million of reorganization items.

... The court granted preliminary approval to two **Delphi Corp.** class-action settlements worth as much as \$342.1 million for stockholders and employees who lost hundreds of million of dollars. A fairness hearing is set for November 13<sup>th</sup>.

## Management on the Move

... In a long-expected changing of the guard at **Publix Super Markets Inc.**, **Charlie Jenkins Jr.** announced his retirement as CEO effective next March and will turn over the reins of the company to his cousin, **Ed Crenshaw**. Mr. Jenkins, however, will replace **Howard Jenkins** as Chairman of the Board. Mr. Jenkins will become Chairman of the Executive Committee. Nothing like keeping it all in the family.

... Meanwhile in a move almost as significant as **Mr. Crenshaw's** ascension at **Publix**, **Todd Jones** was named to take Mr. Crenshaw's job as President of the company. Might we be running out of cousins?

... Following **Whole Foods Market's** acquisition of **Wild Oats Markets**, four Wild Oats executives have left the company including **Gregory Mays**, acting CEO and CFO; **Roger Davidson**, SVP of Merchandising and Marketing; **Sam Martim**, SVP of Operations; and **Jon Payne**, VP of Information Technology.

... **Stop & Shop/Giant Food**, a unit of **Royal Ahold**, promoted **David McGlinchey** to SVP, Business Insight and Merchandising, and **Jim Sylvia** to SVP, Real Estate Services. Mr. McGlinchey most recently served as VP of Merchandising Services and Mr. Sylvia most recently served as VP, Real Estate.

... **Tenet Healthcare Corporation** appointed **Marsha D. Powers** to the position of SVP, Operations, leading the company's Florida region, which includes 11 acute-care hospitals in Miami-Dade, Broward and Palm Beach counties. Until recently, Ms. Powers had served as a division President of **Triad Hospitals Inc.**

... **Family Dollar Stores, Inc.** named **Timothy R. Brokaw** to the position of VP – Decision Support reporting to **Ken Smith**, SVP and CFO. Prior to joining Family Dollar, Mr. Brokaw spent 10 years in various roles with **PEP Boys** in Philadelphia, most recently serving as VP, Planning.

... The branding versus sales-promotion battle has cost **Macy's** another top-level marketing executive with the departure of EVP – Marketing **Brad Jakeman** after less than a year on the job. He follows former Chief Marketing Officer **Anne MacDonald**, who left three months ago after 13 months.

... The **Wet Seal** hired **Edmond Thomas** as its new President and CEO succeeding **Joel Waller**. Mr. Thomas most recently served as President and Co-CEO of **Tilly's Inc.** a privately owned company operating 71 stores selling popular brands of

action sports related apparel, footwear and accessories.

... **Collective Brands Inc.**, formerly **Payless ShoeSource**, hired **Douglas Treff** as EVP and Chief Administrative Officer for Collective Brands, Inc. and its Payless ShoeSource unit. Most recently Mr. Treff served as EVP and Chief Administrative Officer for **Sears Canada, Inc.**

... In other news, **Collective Brands** promoted **Darrel Pavelka** to EVP, Global Supply Chain, reporting to **Matt Rubel**, CEO and President, Collective Brands, Inc. Most recently Mr. Pavelka served as SVP, Global Supply Chain, Payless ShoeSource.

... **The Home Depot Inc.** announced the resignation of **Joseph DeAngelo**, who oversaw the company's wholesale distribution business, HD Supply, which it just sold, as its COO. Mr. DeAngelo will continue to work with HD Supply.

... **PetSmart, Inc.** appointed **Lawrence "Chip" Molloy** as its SVP and CFO. Mr. Molloy joins the company after four years serving in leadership roles at **Circuit City Stores, Inc.**, including the last year as VP and CFO of Retail. For those interested, the Molloy's are pet parents to a Golden Retriever named Denver and a Hermit Crab named Lily.

... **The Pep Boys – Manny, Moe & Jack** appointed **Michael Odell** as its new EVP and COO and **Scott Webb** as its new SVP – Merchandising & Marketing. Mr. Odell most recently served as EVP and General Manager of **Sears Retail & Specialty Stores**, while Mr. Webb most recently served as VP, Merchandising and Customer Satisfaction of **AutoZone**.

... In a continuing effort to advance operational excellence, **Jiffy Lube International** named two new senior managers to its team. **Rick Altizer** recently joined the company as General Manager, Global Operations from **Midas International**, while **Craig Lington** arrived earlier this year from **McDonald's Corporation** to serve as Customer Experience Manager.

... **Amazon.com Inc.** announced that **Richard Dalzell**, SVP and CIO of the company, will retire by the end of 2007. Mr. Dalzell has served in his current position since February, and previously acted as Amazon's CIO and SVP Worldwide Architecture & Platform Software.

... **Ronald Jones** resigned from his position as a member of the Board of Directors of **Harvey Electronics, Inc.** for personal reasons.

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## Heard in the Grocery Aisle

... With the acquisition of **Wild Oats** by **Whole Foods** completed, Whole Foods will be evaluating each Wild Oats store individually to determine whether or not they will close it or remodel it into a Whole Foods format. They expect to close as many as 35 of the 75 Wild Oats stores nationwide.

... In other news, **Whole Foods** plans to create a brand new, convenience and value-driven format called **Whole Foods Market Express**. The first store will be a converted **Wild Oats** in Boulder, Colorado – actually, the first full-service Wild Oats store, which opened in 1987.

... **Christian Haub**, Executive Chairman of the **Great Atlantic & Pacific Tea Co. (A&P)**, isn't satisfied with just his company's expected acquisition of **Pathmark Stores**. Mr. Haub said he plans to look at other possible acquisition targets after the Pathmark deal has been concluded, though he doesn't say what companies.

... **Supervalu** is now entering the "implementation phase" of its acquisition of much of the **Albertsons** chain, including building programs for retail growth, implementing synergies and maintaining fiscal discipline. To that end the company wants to reduce its debt by \$400 million and return to an investment grade credit rating in 2008. The company expects to remodel 80% of its stores in the next seven years through a \$1.2 billion capital spending plan.

... **United Food and Commercial Workers** union employees for three St. Louis chains – **Schnuck Markets**, **Dierbergs**, and **Shop n' Save** – voted overwhelmingly to ratify a new three-year labor contract that is said to give them higher wages and improved medical benefits.

... **Safeway** CEO **Steven Burd** reported that the

company was committed to developing new "growth engines" every two or three years, and that the company would develop a small-store format if **Tesco's** Fresh & Easy Neighborhood Market stores prove to be successful when they open later this year in Southern California, Arizona and Nevada.

... **Smart & Final LLC** opened a new store in north Las Vegas, Nevada. The 16,000 square foot store is the company's seventh store in the Las Vegas market.

... **Henry's Farmers Market**, currently a unit of **Whole Foods** but expected to be sold to **Smart & Final**, plans to open a new store in Temecula, California in October of this year.

... **Aldi Inc.**, a German grocer prepping for a broad push into the Dallas-Fort Worth market, has come one step closer to choosing a location for its 500,000 square foot distribution center. The company has been offered \$1.67 million in tax breaks by the Denton City Council, though Aldi has not yet closed on the site.

... Financially troubled **Krispy Kreme Doughnuts** did nothing during the last fiscal quarter to change its image, posting a loss of \$27.0 million, compared to a loss of \$4.6 million during the comparable period last year. Revenue for the second quarter fell 7.5% to \$104.1 million from \$112.5 million a year ago.

... **Amazon.com** has expanded its "Amazon Fresh" service beyond Mercer Island, where it began last month, to the Queen Anne neighborhood of Seattle. The pilot program delivers perishable groceries to consumers, including organic and non-organic fruits and vegetables, dairy products, ice cream, meat and seafood, using its own refrigerated trucks that are delivering directly to homes.

Feedback?

Questions?

Suggestions?

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## Specialty Items

... **Barnes & Noble, Inc.** agreed to settle all pending shareholder derivative actions alleging the improper yielding of stock option grants. Under terms of the settlement the company, which will not have to admit guilt, will pay plaintiff's legal fees and expenses in the amount of \$2.75 million. The company had previously set up a reserve to cover the expenses.

... In other news, **Barnes & Noble** will open two new stores on September 19<sup>th</sup>, in Newnan, Georgia, and Tempe, Arizona.

... **CSK Auto Corporation** has commenced a comprehensive, strategic review of the company

aimed at improving profitability and restoring top line growth. As an initial step, the company is reducing the number of anticipated new store openings planned for 2007 and 2008, expanding its estimated store closures for 2008 and immediately implementing a reduction in staffing.

... Top 100 company **Roomful Express** opened **Ashley Furniture HomeStores** in Altoona and Johnstown, Pennsylvania.

... In spite of the national slowdown in housing, **Robb & Stucky** plans to enter Nevada in the U.S. and the Latin American and Caribbean markets.

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## Health & Beauty Aids

... **Rite Aid** reported sales for the second quarter ended September 2, 2007 of \$6.57 billion, up 54.1% from \$4.27 billion for the comparable period this year, mainly as a result of the **Brooks Eckerd** acquisition. Comp store sales for the quarter increased 1.1% with pharmacy comps up 1.4% and front-end comps up 0.6%.

... **Walgreens** opened 101 stores during August, including 13 relocations, closed one store and acquired 54 stores, all but one of which were through its previously announced acquisition of **Option Care, Inc.** While the company opened 615 new stores, including 115 acquisitions over the past twelve months, it expects to open 550 stores in the next 12 months with 475 net new stores after relocations and closings.

... **MinuteClinic**, which is a subsidiary of **CVS Caremark**, became a participating provider with **Assurant Health**, based in Milwaukee serving 1.1 million people in the U.S.

... **Medicine Shoppe International** is moving into

its seventh country this month with the opening of five pharmacies in Dubai, United Arab Emirates. The move to the Middle East was made possible by a new agreement with the **Al Zahrawi Group**, which will manage all the operations, including future growth in the region.

... **Tenet Healthcare Corporation's** 25-year operating lease agreement with the **MetroCrest Hospital Authority** to operate the 155-bed **RHD Memorial Medical Center** and the 207-bed **Trinity Medical Center**, both located in the Dallas area, expired at the end of August. Tenet will no longer manage these facilities.

... The **Delaware Court of Chancery** ruled that former stockholders of **Bridge Medical**, bought by **AmerisourceBergen** several years ago, were entitled to payment of \$21 million of Earnout Amounts and nominal damages for all other claims. Amerisource, which is appealing the decision, nonetheless will record a \$21 million charge in its fourth quarter ending September 30, 2007.

## Mass Merchant Musings

... **Wal-Mart** expects to spend less than the \$15.5 billion it earmarked for this year's capital spending on building and expanding stores. The capital budget originally was for \$17 billion but was cut to \$15.5 billion, as the company wants to reduce its expansion rate in favor of improving comp store sales and stock performance. Wonder if they are hoarding cash for an acquisition?

... On the other hand, published reports say that **Wal-Mart** plans to spend more than \$200 million in northeastern Brazil before the end of the year to support the opening of 19 new stores there. Wal-Mart also is said to be spending more than \$35 million to upgrade its existing Brazilian fleet of stores.

... A Winnipeg **Wal-Mart** location is reportedly set to become the first in Canada to open 24 hours a day on a regular basis this fall (except on Sunday). Only the core area of the store will be open overnight, with services like the pharmacy and automotive center maintaining regular hours.

... **DHL** announced a new three-year agreement with **Wal-Mart Stores, Inc.** providing Wal-Mart with air express and ground shipping throughout the U.S. The new contract nearly doubles the volume and revenue generated through the previously existing relationship.

... **Mattress Works**, an independent bedding company, signed a lease agreement with **Wal-Mart** to establish bedding shops in the vestibule space of Wal-Mart Super Centers.

... **Tesco**, the giant British retailer scheduled to open its first stores in the U.S. in October/November, refused to say whether it would meet with a coalition of community groups, led by **The Alliance for Healthy and Responsible Grocery Stores**, concerned about the company's commitment to decent wages, affordable health benefits and greenhouse gas reduction.

... **Meijer** has launched a new own-label line of electronics - including DVD players, televisions, stereos and clock radios. The brand name being used is "gfm."

... **Family Dollar** reported sales for its fiscal year end finished September 1, 2007 increased approximately 6.9% to \$6.83 billion versus sales of \$6.39 billion for the prior year. The company now expects earnings for the year to be in the range of \$1.60 to \$1.63 per share, compared with \$1.26 per share for the prior year.

... **Factory Card & Party Outlet Corp.** will release its financial results for the second quarter ended August 4, 2007 on Tuesday, September 18<sup>th</sup>. Be sure to look for **Global's** updated analysis and assessment shortly thereafter.

... **Costco Wholesale** reported net sales for the 52-week fiscal year 2007 ended September 2, 2007 were \$63.06 billion, an increase of 7% from \$58.96 billion in the 53-week fiscal year 2006. Comp store sales for the year were up 6%.

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## Off the Rack

... **Saks Inc.** settled federal charges that it had improperly collected payments from several suppliers to inflate its earnings, though the company did not admit any wrongdoing and paid no fine. Saks has repaid all but one of the suppliers it overcharged and fired at least three executives involved in the fraud.

... **Nordstrom, Inc.** opened the doors to its first greater Boston-area store at Natick Collection in Natick, Massachusetts. The company now operates 158 stores in 28 states.

... Coming off a disappointing second quarter, **Bath & Body Works**, a unit of **Limited Brands**, will test a reduced product mix at 50 of its beauty and personal care stores. In this case, addition by subtraction I guess.

... For its second quarter ended September 1, 2007, **Christopher & Banks Corporation** reported sales of \$141.1 million compared to \$131.6 million for the comparable period last year. Comp store sales for the quarter increased 3.0%. The company will report its second quarter operating results on Thursday, September 7<sup>th</sup>.

... **Jones Apparel Inc.** expects after-tax proceeds, net of transaction expenses, of about \$840 million as it completed the sale of its **Barneys New York Inc.** unit. Part of the proceeds will be used to buy back \$400 million shares from **Goldman Sachs & Co.**

... **Burlington Coat Factory Warehouse Corpora-**

**tion** reported net sales for the first quarter ended September 1, 2007 of \$673.0 million compared with \$656.8 million for the comparable period last year, a 2.6% increase, reflecting a 2.0% comp store sales decrease for the quarter. During the quarter, the company opened five stores and relocated three.

... **JoS. A. Bank Clothiers, Inc.** will report second quarter ended July 31<sup>st</sup> operating results on Wednesday, September 12<sup>th</sup>. Be sure to look for **Global's** updated analysis and assessment shortly thereafter.

... **Casual Male Retail Group** has launched **Shoes XL**, an online shoe store, stocking 570 shoes in sizes 12 to 17 and with wider widths than average shoes. The company hopes for shoes to represent 10% of the company sales assortment in the next few years.

... The original **Filene's Basement** store, an icon in Boston's Downtown Crossing for over four decades, is temporarily closing to make way for the renovation of the former **Filene's Department Store** building. The store isn't scheduled to reopen until sometime in 2009. I would suspect you won't find the same charm and ambiance after it reopens, but hopefully the same bargains.

... Because of an editing error, we incorrectly reported that **Jerry Zucker**, head of **Hudson's Bay** owner **InterTech Group**, had indicated he wants to sell the retailer's banners. That is not the case, and we apologize for the error.

### Did You Know...?

*Productivity growth in the U.S. nonfarm business sector was stronger in the second quarter than previously estimated. Productivity was revised to a 2.6% annual growth rate from the 2.8% estimate a month ago.*

## FYI for the DIY

... **Ace Hardware** reported an accounting error related to its inventories going back several years. It is currently estimated that the non-cash error could be as high as \$154 million. The company has notified its bankers, though this should not have an impact on their Revolving Credit Facility as it is unsecured.

... The **Home Depot** reported that approximately 290 million shares of its stock were tendered during its "Dutch Auction" at a price of \$37.00 per share for a total cost of approximately \$10.7 billion.

... In other news, **Home Depot** CEO **Frank Blake**

told analysts last week that he expects to battle a tough economy well into 2008. Mr. Blake also noted that the fallout in the subprime mortgage market has put more pressure on economic factors affecting Home Depot than executives had expected at the beginning of the year.

... **Lowe's Companies, Inc.** agreed to sell \$550 million of 5.6% Notes due 2012, \$250 million of 6.1% Notes due 2017 and \$500 million of 6.65% Notes due 2037. The net proceeds will be used for general corporate purposes, including capital expenditures and working capital needs, and to finance repurchases of Lowe's common stock.

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## The Global World of Sports and Footwear

... **The Finish Line** reported net sales of \$343.0 million for the second quarter ended September 1, 2007, an increase of 1.3% versus sales of \$338.6 million for the comparable period last year. Comp store sales for the quarter decreased 4.7%. The company will report earnings for the second quarter on Thursday, September 27<sup>th</sup>.

... **Bass Pro Shops** has reportedly changed its store plans for the Buffalo, New York area again, scrapping a proposal for a 100,000 square foot store at the city's historic Central Wharf to return to the downtown site of the now demolished Memorial Auditorium.

... **Cabela's** is slated to replace **eFunds Corp.** in the **S&P SmallCap 600 Index**. The company's branded credit card, Cabela's CLUB® Visa ranked among the top 5 in cardholder satisfaction in a survey conducted by Consumer Reports National Research Center.

... **Dick's Sporting Goods** will open a 50,000 square foot store in Alcoa, Tennessee in April 2008.

... **Joe's Sports and Outdoor** opened a new 52,000 square foot store in Spokane Valley, Washington last week.

... **L.L. Bean** is opening its first New York store, a 30,000 square foot location in the Colonie Center, Albany, New York, this week.

... **American Specialty Retailing Group (Dunham's)**, which currently operates 151 stores in 12 states with eight more planned before year-end, intends to open its 10<sup>th</sup> Indiana store in Wabash in early November.

... For its fiscal year ended June 30, 2007, **Sport Supply Group, Inc.** reported sales of \$236.9 million, up 5.6% versus sales of \$224.2 million for the prior year. Net income for the year was \$3.9 million versus net income of \$1.9 million last year.

... For its third quarter ended July 31, 2007, **Quiksilver, Inc.** reported sales of \$612.8 million, up 16.5% versus sales of \$525.9 million for the comparable period last year, but a net loss of \$7.9 million for the quarter versus net income of \$5.3 million last year. The loss was mainly attributable to an asset impairment charge of \$13.2 million.

... **Quiksilver, Inc.** also announced that it is developing a women's line under the Quiksilver brand that is geared to the 18 to 24 year old. The line is scheduled to be unveiled in the Fall 2008 collection.

... **GSI Commerce** will continue to fill orders and provide other services to **Major League Baseball's** online store through 2016 after signing a contract extension.

### Did You Know...?

The Retail Sector Newsletter has increased readership each week since publishing began?

## Rating Changes and Outlooks

S&P Rating Changes				
Company	Credit Rating		Credit Outlook	
	Current	Prior	Current	Prior
OFFICEMAX INC	BB	B+	NM	POS
STARWOOD HOTELS & RESORTS WORLDWIDE INC	BBB-	BB+	STA	POS
SEMINOLE TRIBE OF FLORIDA INC	BBB	BBB-	STA	STA
CKE RESTAURANTS INC	BB-	BB-	NEG	STA
LANDRYS RESTAURANTS INC	B	CCC	STA	NM
MOTHERS WORK INC / MOTHERHOOD MATER-	B	B	STA	POS
WHOLE FOODS MARKET INC	BB+	BBB-	NEG	NM
MOTOR COACH INDUSTRIES	CCC	CCC	NM	NM

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## Burlington Coat Factory Investment Holdings: Retailer of the Week

(Continued from page 1)

### OPERATING PERFORMANCE

Revenues for the 52-weeks ended June 2, 2007 were \$3.4 billion, a 1% drop from the previous fiscal year. However, the previous year had an extra week of sales. Compared to the same 52-weeks last year, revenues were up marginally. However, comp store sales for the year fell 2.2%, primarily attributable to unseasonably warm weather in November and December last year. The company also experienced some supply chain issues during the year, which had a negative effect on revenues. Burlington Coat did have some issues with its smaller segments, as Cohoes Fashions saw a miserable 23.8% decline in comps for the year. The company opened 19 new storefronts during the year.

One of the bright spots for the year was a steadily improving gross margin. The company's gross margin improved 110 basis points to 37.6% for the year, primarily as a result of improved merchandise costs and freight costs. An increase in SG&A expenses gave some of the gains back, however, as the company saw these expenses grow 60 basis points as a percentage of sales.

The biggest change in profits for the year was a result of a major step up in depreciation and amortization expenses associated with the transaction. Depreciation expenses for the year were \$130.4 million compared to \$96.9 million last year, while amortization was \$43.7 million compared to \$10.3 million last year. Tack on the \$24.4 million charge for asset impairment (nothing last year) and the \$134.3 million in interest (\$22.7 million last year) and a net loss of \$47.2 million doesn't seem so bad.

Despite the loss, EBITDA for the year was well into the black and on par with last year. The heavy interest payments have definitely taken their toll on profits, but so far the company has not had too much trouble servicing the debt. The company's operations actually provided \$96 million during the year.

### CAPITAL STRUCTURE

Despite the positives that were pointed out in reference to the company's performance for the year, Burlington Coat still has a balance sheet that creates some concern. Low cash positions have become a staple of this company, and this time was no different. The company closed the fiscal year with just \$36.6 million in cash on the books, down from \$72.8 million last year. However, when looking at the company's liquidity, it is arguable that it is still in better shape this year. Accounts payable decreased drastically from \$457.9 million last year to \$600 million this year, and was the driving factor behind the jump in working capital. Burlington Coat also has \$35.1 million in Assets Held for Disposal, and this property should provide some extra liquidity once a buyer is found. The assets consist of a portion of the real estate discussed above.

Providing the company some extra liquidity is the \$800 million revolver. The credit facility provided availability of \$291.3 million at the end of the fiscal year.

The major issue that remains is the massive debt load on the balance sheet relating to the acquisition. Total debt on June 2, 2007 was \$1.46 billion, down from \$1.51 billion last year. Borrowings on both the term loan and the revolver were less than at the same point last year, as the company has been working diligently to try to continue to take down the heavy debt load. Even still, the operations have been enough to cover the interest and there is nothing significant coming due until 2012. This should give Burlington Coat plenty of time to work out the kinks.

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#### *Did You Know...?*

**New orders at U.S. furniture factories in June were down 6% from a year earlier, leaving orders 5% lower than in 2006 for the first half of the year.**

## Options and Resources

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## Second Quarter Earnings

\$ in Millions	Sales		Change	2nd Qtr Comps	Net Income		
	2006	2007			2006	2007	Change
<b>Apparel</b>							
Abercrombie & Fitch	\$658.7	\$804.5	22.1%	-2.0%	\$65.7	\$81.3	23.7%
Aeropostale, Inc.	\$274.6	\$311.2	13.3%	-4.1%	\$8.4	\$14.7	74.5%
American Eagle Outfitters	\$602.3	\$703.2	16.7%	2.0%	\$72.1	\$81.3	12.8%
AnnTaylor Stores Corporation	\$610.0	\$614.5	0.7%	-6.2%	\$43.2	\$31.7	-26.6%
Big Dog Holdings, Inc.	\$53.2	\$55.9	5.0%		\$0.6	(\$0.2)	N/A
Bon Ton Stores, Inc.	\$746.8	\$708.6	-5.1%	-5.0%	(\$19.8)	(\$15.0)	24.3%
Buckle, Inc.	\$102.4	\$124.3	21.3%	10.1%	\$6.6	\$11.8	77.6%
Cache, Inc.	\$71.7	\$71.0	-0.9%	1.0%	\$2.1	\$1.3	-37.1%
Carter's, Inc.	\$277.6	\$287.8	3.7%	-0.9%	\$9.0	(\$143.4)	-1690.7%
Casual Male Retail Group	\$111.8	\$114.2	2.2%	3.9%	\$3.4	\$2.5	-27.3%
Cato Corporation	\$214.6	\$219.0	2.0%	-1.0%	\$12.1	\$12.5	3.4%
Charming Shoppes, Inc.	\$763.4	\$770.9	1.0%	-3.0%	\$32.6	\$18.3	-43.9%
Chico's FAS, Inc.	\$403.4	\$436.0	8.1%	-5.6%	\$53.8	\$38.7	-28.2%
Children's Place	\$395.6	\$424.3	7.3%	-1.0%	(\$15.2)	(\$27.1)	-78.0%
Citi Trends, Inc.	\$76.3	\$96.8	26.9%	3.4%	\$1.3	\$0.6	-50.9%
Coldwater Creek Inc.	\$216.4	\$253.5	17.1%	-6.0%	\$12.0	\$8.7	-27.6%
Deb Shops, Inc.	\$75.7	\$77.7	2.8%	0.1%	\$5.9	\$6.2	5.1%
dELIA*s, Inc.	\$48.9	\$52.4	7.3%	4.6%	(\$3.1)	(\$5.1)	-62.6%
Dillard's, Inc.	\$1,733.4	\$1,689.1	-2.6%	-3.0%	\$15.1	(\$25.2)	N/A
Eddie Bauer Holdings	\$225.7	\$227.0	0.6%	0.9%	(\$42.0)	(\$22.2)	47.0%
GAP	\$3,714.0	\$3,685.0	-0.8%	-5.0%	\$128.0	\$152.0	18.8%
Gottschalks	\$154.2	\$146.7	-4.8%	-4.0%	\$0.5	(\$4.8)	N/A
Gymboree Corporation	\$152.1	\$182.4	19.9%	5.0%	\$0.5	\$5.8	966.5%
Harold's Stores, Inc.	\$19.3	\$17.5	-9.3%	-12.8%			
Hot Topic, Inc.	\$160.3	\$161.7	0.8%	-5.8%	(\$0.9)	(\$1.7)	-91.0%
J.C. Penney Company	\$4,238.0	\$4,391.0	3.6%	1.9%	\$179.0	\$182.0	1.7%
J. Crew Group, Inc.	\$269.2	\$304.7	13.2%	4.0%	\$0.0	\$20.6	N/A
JoS. A. Bank Clothiers	\$119.1	\$134.3	12.8%	2.5%			
Kohl's Corporation	\$3,301.5	\$3,589.2	8.7%	1.3%	\$232.4	\$269.2	15.8%
Limited Brands	\$2,453.9	\$2,624.1	6.9%	2.0%	\$113.1	\$264.4	133.8%
Macy's, Inc.	\$5,995.0	\$5,894.0	-1.7%	-2.6%	\$317.0	\$74.0	-76.7%
Men's Wearhouse	\$460.6	\$569.3	23.6%	1.1%	\$35.6	\$54.2	52.2%
New York & Company, Inc.	\$264.9	\$294.4	11.2%	4.7%	\$6.5	\$3.5	-46.2%
Nordstrom, Inc.	\$2,270.5	\$2,389.5	5.2%	5.9%	\$178.8	\$180.4	0.9%
Pacific Sunwear of California, Inc.	\$313.7	\$344.2	9.7%	1.8%	\$9.7	(\$10.5)	N/A
Reitmans Limited	C\$501.8	C\$522.6	4.2%	3.4%	C\$36.1	C\$50.5	39.7%
Retail Ventures, Inc.	\$694.5	\$732.7	5.5%	0.3%			N/A
Ross Stores, Inc.	\$1,308.1	\$1,444.6	10.4%	2.0%	\$45.4	\$50.9	12.1%
Saks Incorporated	\$603.8	\$694.1	14.9%	13.2%	(\$51.9)	(\$24.6)	52.5%
Stage Stores, Inc.	\$362.1	\$359.2	-0.8%	0.5%	\$3.9	\$9.9	156.3%
Stein Mart, Inc.	\$336.3	\$330.7	-1.7%	-1.2%	\$8.3	\$2.2	-73.6%
Talbots, Inc.	\$571.4	\$572.3	0.2%	-4.8%	(\$3.9)	(\$13.3)	-245.2%
Tandy Leather Factory	\$13.4	\$13.4	-0.1%	-0.8%	\$1.1	\$0.4	-65.0%
TJX Companies	\$3,963.7	\$4,313.3	8.8%	5.0%	\$138.2	\$59.0	-57.3%
True Religion Apparel, Inc.	\$30.7	\$35.7	16.3%		\$4.9	\$5.1	3.7%
Tween Brands, Inc.	\$185.8	\$213.7	15.0%	-2.0%	\$5.9	\$2.1	-64.4%
United Retail Group	\$120.9	\$122.3	1.2%	-1.0%			
Urban Outfitters, Inc.	\$285.6	\$348.4	22.0%	5.0%	\$25.7	\$31.9	24.2%
Wet Seal, Inc.	\$129.5	\$143.3	10.7%	-1.7%	\$4.4	\$6.8	52.9%
Wilson's The Leather Expert	\$49.2	\$43.6	-11.3%	-11.9%	(\$24.5)	(\$29.4)	-19.9%
<b>Mass Merchants</b>							
Big Lots, Inc.	\$1,056.5	\$1,084.9	2.7%	5.2%	\$4.3	\$23.4	35.5%
BJ's Wholesale Club, Inc.	\$2,124.5	\$2,295.0	8.0%	3.7%	\$26.4	\$36.3	37.4%
Canadian Tire	C\$2,247.6	C\$2,316.7	3.1%	1.7%	C\$103.3	C\$122.3	18.4%
Cost U Less, Inc.	\$53.6	\$55.3	3.3%	3.3%	\$0.5	\$0.7	43.8%
Dollar Tree Stores, Inc.	\$883.6	\$971.2	9.9%	4.4%	\$29.0	\$32.6	12.4%
Fred's, Inc.	\$406.9	\$424.6	4.4%	0.8%	\$4.3	\$3.1	-29.3%
Overstock.com	\$159.2	\$149.0	-6.4%		(\$15.7)	(\$13.8)	12.5%
Sears Canada Inc.	C\$1,428.4	\$1,443.9	1.1%	2.2%	C\$18.1	C\$47.6	263.0%
Sears Holdings Corporation	\$12,785.0	\$12,239.0	-4.3%	-4.1%	\$294.0	\$176.0	-40.1%
Target Corporation	\$13,347.0	\$14,620.0	9.5%	4.9%	\$609.0	\$686.0	12.6%
Wal-Mart Stores, Inc.	\$85,430.0	\$93,012.0	8.9%	2.0%	\$2,083.0	\$3,105.0	49.1%
<b>Food</b>							
Arden Group	\$119.1	\$119.8	0.6%	0.6%	\$4.7	\$6.5	39.6%
George Weston Ltd.	C\$7,507.0	C\$7,739.0	3.1%		C\$184.0	C\$129.0	-30.0%
Loblaw Companies Limited	C\$6,699.0	C\$6,933.0	3.5%		C\$194.0	C\$119.0	-38.7%
Nash Finch Company	\$1,070.8	\$1,064.0	-0.6%	0.3%	\$4.1	\$9.6	132.6%
Publix Super Markets	\$5,349.0	\$5,665.0	5.9%	4.0%	\$264.0	\$306.4	16.1%
Safeway, Inc.	\$9,367.1	\$9,823.3	4.9%	4.5%	\$246.2	\$218.2	-11.4%
Weis Markets, Inc.	\$561.9	\$578.8	3.0%	3.2%	\$15.5	\$18.2	17.2%
Wild Oats Markets	\$296.6	\$311.8	5.1%	3.1%	\$4.9	\$0.1	-97.4%

### Did You Know...?

Chain-store sales for the week ended September 1<sup>st</sup> rose 2.3% compared to the year-ago period. On a week-over-week basis, sales rose 0.2%. Sales improved slightly by the end of August, but the year-over-year momentum remained relatively steady but sluggish.

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## Second Quarter Earnings

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\$ in Millions	Sales		Change	2nd Qtr Comps	Net Income		
	2006	2007			2006	2007	Change
<b>Sports &amp; Footwear</b>							
Bakers Footwear Group, Inc.	\$47.2	\$42.0	-11.0%	-18.3%			
Big 5 Sporting Goods Corp.	\$211.8	\$217.8	2.9%		\$7.4	\$5.9	-20.0%
Big Dog Holdings, Inc.	\$53.2	\$55.9	5.0%	2.3%	\$0.6	(\$0.2)	N/A
Broder Bros., Co.	\$259.5	\$249.4	-3.9%		(\$0.2)	(\$4.4)	-1988.5%
Brown Shoe Company, Inc.	\$579.3	\$576.6	-0.5%	3.6%	\$15.2	\$9.8	-35.3%
Cabela's	\$346.5	\$403.4	16.4%	-0.8%	\$8.4	\$11.3	34.8%
Collective Brands (Payless ShoeSource)	\$706.1	\$699.3	-1.0%	-1.4%	\$32.5	\$24.9	-23.4%
Dick's Sporting Goods, Inc.	\$734.0	\$1,013.4	38.1%	7.2%	\$25.7	\$47.9	86.6%
DSW Inc.	\$301.3	\$348.7	15.7%	5.9%	\$15.3	\$6.5	-57.5%
Forzani Group Ltd.	C\$284.0	C\$292.4	3.0%	0.4%	C\$1.9	C\$5.4	178.6%
Foot Locker	\$1,303.0	\$1,283.0	-1.5%	-7.3%	\$14.0	(\$18.0)	-228.6%
Footstar, Inc.	\$190.6	\$173.4	-9.0%	-14.5%	\$21.4	\$21.5	0.5%
Gander Mountain	\$182.5	\$216.5	18.6%	4.2%	(\$7.6)	(\$9.7)	-27.8%
Genesco Inc.	\$304.3	\$328.0	7.8%		\$5.9	(\$4.2)	N/A
Golfsmith International Holdings, Inc.	\$114.1	\$125.0	9.5%	-4.7%	(\$7.9)	\$6.8	N/A
Golf Town	C\$82.1	C\$94.3	14.8%		C\$10.1	C\$10.9	8.0%
GSI Commerce	\$119.6	\$131.3	9.7%		(\$3.6)	(\$5.0)	-40.5%
Hibbett Sporting Goods, Inc.	\$104.4	\$114.4	9.6%	2.6%	\$4.0	\$4.7	16.4%
NexCen Brands, Inc. (The Athlete's Foot)		\$8.9			(\$1.5)	(\$0.2)	83.9%
Shoe Carnival, Inc.	\$146.9	\$154.8	5.4%	-7.1%	\$2.9	\$0.2	-94.2%
Shoe Pavilion, Inc.	\$31.4	\$37.5	19.5%	-1.0%	\$1.0	(\$1.1)	N/A
Skechers USA, Inc.	\$292.2	\$352.2	20.5%		\$17.6	\$14.9	-15.1%
West Marine, Inc.	\$264.5	\$247.8	-6.3%	-2.9%	\$14.2	\$20.1	41.8%
WinMark Corporation	\$6.3	\$7.6	20.6%		\$0.7	\$0.5	-15.9%
Zumiez Inc.	\$55.8	\$82.0	47.0%	11.6%	\$1.6	\$3.1	89.9%
<b>Specialty</b>							
A.C. Moore Arts & Crafts	\$129.8	\$124.4	-4.1%	-10.0%	(\$1.8)	(\$0.3)	80.6%
Advance Auto Parts, Inc.	\$1,107.9	\$1,169.9	5.6%	1.3%	\$62.9	\$68.4	8.7%
Barnes & Noble, Inc.	\$1,156.2	\$1,244.2	7.6%	4.4%	\$16.6	\$18.1	8.9%
Borders Group, Inc.	\$856.0	\$945.1	10.4%	4.6%	(\$14.8)	(\$25.1)	-69.6%
Brookstone, Inc.	\$91.3	\$99.9	9.4%	2.1%	(\$11.0)	(\$6.5)	41.1%
Cost Plus, Inc.	\$215.3	\$215.2	0.0%	-7.6%	(\$14.2)	(\$18.0)	-26.6%
Finlay Enterprises, Inc.	\$149.3	\$148.0	-0.8%	-3.6%	(\$4.0)	(\$8.4)	-110.1%
Guitar Center, Inc.	\$458.0	\$518.9	13.3%	-0.1%	\$13.4	\$9.6	-28.8%
Haverty Furniture	\$211.0	\$187.1	-11.3%	-12.7%	\$3.6	(\$1.4)	N/A
Jo-Ann Stores, Inc.	\$363.2	\$388.5	7.0%	7.0%	(\$21.2)	(\$18.4)	13.2%
Kirkland's, Inc.	\$91.0	\$87.4	-4.0%	-10.5%	(\$5.6)	(\$9.2)	-65.9%
Leon's Furniture Limited	C\$134.0	C\$147.0	9.7%	3.5%	C\$8.3	C\$9.9	20.2%
Linens N Things	\$611.6	\$593.6	-2.9%	-7.3%	(\$39.1)	(\$42.0)	-7.3%
Michaels Stores, Inc.	\$768.3	\$792.9	3.2%	0.8%	\$21.6	(\$43.9)	N/A
Midas, Inc.	\$45.1	\$45.3	0.4%	2.2%	\$2.6	\$3.0	15.4%
Movado Group, Inc.	\$126.6	\$139.5	10.2%	-2.3%	\$11.3	\$12.3	8.1%
O'Reilly Automotive, Inc.	\$591.2	\$643.1	8.8%	2.0%	\$49.3	\$51.9	5.2%
Pep Boys -Manny, Moe & Jack	\$578.6	\$558.9	-3.4%	-3.6%	\$1.5	\$4.2	185.4%
PetSmart, Inc.	\$1,020.6	\$1,116.7	9.4%	4.0%	\$34.6	\$47.1	36.1%
Pet Valu	\$35.5	\$38.6	8.9%	6.1%	\$1.2	\$2.8	127.6%
Restoration Hardware, Inc.	\$179.3	\$183.8	2.5%		\$0.2	(\$7.9)	N/A
Richelieu Hardware Ltd.	C\$102.6	C\$116.3	13.4%		C\$8.6	C\$8.7	0.3%
Tiffany & Co.	\$554.7	\$662.6	19.5%	13.0%	\$41.1	\$37.0	-10.1%
Tuesday Morning Corp.	\$207.7	\$219.4	5.6%	0.1%	\$2.9	\$2.0	-29.8%
Yankee Candle Company	\$116.3	\$133.4	14.8%	3.0%	\$4.8	(\$16.7)	N/A
Williams-Sonoma, Inc.	\$825.5	\$859.4	4.1%	1.2%	\$35.6	\$26.0	-27.0%
<b>Home Centers</b>							
Builders FirstSource, Inc.	\$642.4	\$465.1	-27.6%		\$28.4	\$8.4	-70.4%
Building Materials Holding Corporation	\$922.0	\$697.0	-24.4%		\$34.2	\$19.4	-43.2%
Calloway's Nursery, Inc.	\$28.6	\$28.4	-0.9%	-9.1%	\$3.1	\$1.2	-59.3%
Fastenal Company	\$458.8	\$519.7	13.3%		\$51.5	\$60.3	17.0%
Five Star Products, Inc.	\$29.9	\$35.9	20.0%		\$0.1	\$0.6	350.0%
Griffin Land & Nurseries	\$24.6	\$31.9	29.7%		(\$0.3)	\$6.0	N/A
Home Depot, Inc.	\$22,592.0	\$22,184.0	-1.8%	-5.2%	\$1,862.0	\$1,587.0	-14.8%
Huttig Building Products	\$296.3	\$239.5	-19.2%		\$3.3	\$1.1	-66.7%
Interline Brands, Inc.	\$235.4	\$313.2	33.1%		(\$2.9)	\$12.0	N/A
Lowe's Companies	\$13,389.0	\$14,167.0	5.8%	-2.6%	\$935.0	\$1,019.0	9.0%
Rona, Inc.	C\$1,346.0	C\$1,469.1	9.1%	1.4%	C\$80.0	C\$86.2	7.7%
Sherwin-Williams Company	\$2,130.0	\$2,198.2	3.2%	0.0%	\$184.6	\$202.6	9.8%
Tractor Supply Company	\$714.9	\$790.9	10.6%	1.0%	\$42.9	\$43.8	1.9%
True Value Company	\$597.0	\$594.4	-0.4%	1.5%	\$24.0	\$27.0	12.5%
United Rentals, Inc.	\$919.0	\$966.0	5.1%		\$56.0	\$67.0	19.6%
Wesco International	\$1,336.0	\$1,518.1	13.6%		\$55.2	\$57.1	3.4%
W. W. Grainger	\$1,482.9	\$1,601.0	8.0%	8.0%	\$93.7	\$104.8	11.8%

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### Did You Know...?

The U.S. housing market showed signs of major disruption in July, with a 12.2% monthly decline in contract signings on existing homes – the largest drop since the pending homes sales index started in 2001. The July data reflect trends before August's mortgage meltdown.

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## Second Quarter Earnings

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\$ in Millions	Sales			2nd Qtr Comps	Net Income		
	2006	2007	Change		2006	2007	Change
<b>Consumer Electronics</b>							
Aaron Rents, Inc.	\$321.7	\$359.0	11.6%	5.0%	\$20.7	\$19.7	-4.8%
Amazon.com, Inc.	\$2,139.0	\$2,886.0	34.9%		\$22.0	\$78.0	254.5%
Blockbuster Inc.	\$1,299.9	\$1,263.2	-2.8%		\$68.4	(\$35.3)	N/A
BMTC Group Inc.	C\$200.8	C\$200.9	0.1%		C\$11.3	C\$13.8	22.5%
CDW Corporation	\$1,633.5	\$2,032.8	24.4%		\$73.1	\$80.1	9.5%
Conn's, Inc.	\$182.2	\$203.5	11.7%	5.0%	\$8.5	\$9.7	13.0%
GameStop Corp.	\$963.3	\$1,338.2	38.9%	29.1%	\$3.2	\$21.8	586.5%
Gateway, Inc.	\$909.3	\$840.6	-7.6%		(\$7.7)	\$1.9	N/A
Hastings Entertainment	\$123.1	\$125.9	2.3%		\$0.2	\$1.9	850.0%
IAC/InterActiveCorp	\$1,431.6	\$1,512.4	5.6%		\$53.8	\$96.0	78.4%
Ingram Micro Inc.	\$7,395.6	\$8,186.1	10.7%		\$53.8	\$52.4	-2.6%
Movie Gallery	\$601.3	\$561.2	-6.7%	-4.7%	(\$14.9)	(\$309.9)	-1980.4%
Office Depot, Inc.	\$3,494.9	\$3,631.6	3.9%	-5.0%	\$118.3	\$109.1	-7.8%
OfficeMax Incorporated	\$2,041.0	\$2,132.4	4.5%	1.6%	\$27.4	\$27.4	0.1%
PC Connection, Inc.	\$408.1	\$441.1	8.1%		\$3.1	\$5.8	84.9%
PC Mall, Inc.	\$234.1	\$263.0	12.3%		\$0.4	\$3.0	659.2%
RadioShack Corporation	\$1,099.9	\$934.8	-15.0%	-8.9%	(\$3.2)	\$47.0	N/A
Rent-A-Center, Inc.	\$583.6	\$724.2	24.1%	2.7%	\$39.8	\$41.3	3.5%
Rex Stores Corporation	\$63.6	\$56.3	-11.5%	-12.0%	\$1.5	\$5.8	288.1%
Sharper Image	\$104.1	\$77.6	-25.5%	-10.0%			
Staples, Inc.	\$3,873.9	\$4,300.0	11.0%	-2.0%	\$161.3	\$179.0	11.0%
Systemax Inc.	\$547.2	\$647.1	18.2%		\$7.1	\$13.8	93.7%
Tech Data Corporation	\$4,943.3	\$5,613.3	13.6%		(\$155.5)	\$7.2	N/A
Trans World Entertainment Corporation	\$298.3	\$267.3	-10.4%	-6.0%	(\$7.7)	(\$10.1)	-31.2%
United Stationers Inc.	\$1,111.1	\$1,141.2	2.7%		\$41.4	\$24.1	-41.7%
ValueVision Media, Inc.	\$187.0	\$190.6	1.9%		(\$0.7)	(\$5.4)	-677.2%
Zones, Inc.	\$145.2	\$192.2	32.4%		\$2.9	\$4.4	51.1%
<b>Drug</b>							
Abbott	\$5,501.1	\$6,370.6	15.8%		\$612.2	\$988.7	61.5%
CVS Caremark Corporation	\$10,564.4	\$20,703.3	96.0%	5.7%	\$337.9	\$723.6	114.1%
Drugstore.com, Inc.	\$102.4	\$110.4	7.8%		(\$2.2)	(\$3.0)	-37.5%
Duane Reade Holdings	\$398.8	\$431.9	8.3%	7.9%	(\$21.1)	(\$21.1)	-0.3%
Express Scripts, Inc.	\$4,421.1	\$4,600.4	4.1%		\$107.8	\$152.7	41.7%
Longs Drug Stores	\$1,237.2	\$1,274.5	3.0%	1.0%	\$19.0	\$26.6	39.8%
Omnicare, Inc.	\$1,641.1	\$1,549.2	-5.6%		\$8.4	\$49.2	487.7%
Shoppers Drug Mart	C\$1,768.2	C\$1,928.1	9.0%	5.3%	C\$94.4	C\$112.3	18.9%
Tenet Healthcare Corp.	\$2,195.0	\$2,228.0	1.5%		(\$398.0)	(\$30.0)	92.5%

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### Hi Tech Entertainment

... **Tweeter Newco** received much need liquidity in the form of a \$60 million asset-based loan facility from **Wells Fargo Retail Finance** and a new \$20 million term loan from **Schulze Asset Management**, which bought Tweeter out of bankruptcy for \$38 million in July.

... According to a **Wedbush Morgan** analyst, **Movie Gallery Inc.** is likely to file for bankruptcy protection before the end of the year.

... Eight years after **Apple** stopped selling its computers in the retail megastores, it has returned in a major way with ministore-style displays inside certain **Best Buy** locations. Those ministores mimic Apple's own retail chain, and showcase the bulk of its Mac line. Apple expects to be in 300 of Best Buy's 820 stores by the end of this year.

... **Richard Schulze**, founder of **Best Buy**, was named to the Consumer Electronics Industry Hall of Fame. The Consumer Electronics Association created the CE Hall of Fame in 2000 to recognize the pioneers of the CE industry.

... **HHGregg Inc.** plans to springboard into the Sunshine State via Central Florida, signing five leases in Orlando, Kissimmee, Sanford and Daytona Beach, with doors expected to be opening by next summer. The company plans to do a similar roll-out in Tampa and Jacksonville.

... **REX Stores Corporation** sold seven properties for approximately \$10.4 million, with a book value of approximately \$6.1 million and related notes payable balances of approximately \$3.1 million. The properties were operated as retail stores.

... **Sharper Image Corporation** will release its second quarter financial results on Wednesday, September 12, 2007. Be sure to look for **Global's** updated analysis and assessment shortly thereafter.

... Following its \$710 million merger with **Acer** last month, **Gateway** sold off its professional business computer division to MPC Computers for an estimated \$90 million.